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**FISCAL IMPACT STATEMENT**

**LS 6630**

**BILL NUMBER:** HB 1348

**NOTE PREPARED:** Apr 10, 2013

**BILL AMENDED:** Apr 4, 2013

**SUBJECT:** Administration of Scholarships and Grants.

**FIRST AUTHOR:** Rep. Dermody

**FIRST SPONSOR:** Sen. Kenley

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Credit Hours:* This bill adds definition of "credit hours".

*Academic Term* - This bill makes changes to the definition of "academic term".

*Schedule of Awards* - The bill provides that, beginning on September 1, 2014, the Commission for Higher Education (Commission) shall annually publish a schedule of award amounts for the Frank O'Bannon grant and the Twenty-First Century Scholars Program (jointly referred to as an "Award") based on a recipient's expected family contribution.

*Award Determination* - The bill provides that the method currently used to determine an award amount expires September 1, 2014. It specifies that the Commission's schedule of award amounts for Higher Education Awards and Freedom of Choice Grants must maintain the award proportionality among recipients attending approved public state educational institutions, recipients attending nonprofit colleges or universities, and recipients attending proprietary institutions, as that award proportionality existed for awards made in the academic year ending in 2013.

*Frank O'Bannon Grant Eligibility*- The bill provides that an individual is not eligible for a Frank O'Bannon Grant if the individual is eligible to receive a Twenty-First Century Scholarship or a National Guard Grant.

*Length of Awards* -The bill provides that the limit on eligibility is four academic years for:

1. Higher Education Awards;
2. Freedom of Choice Grants;

3. Tuition Grants from the Twenty-First Century Scholars Program;
4. Part-time Student Grant Program;
5. Insurance Education Scholarship Fund;
6. Minority Teacher Scholarships;
7. Special Education, Occupational Therapy, and Physical Therapy Scholarships;
8. Nursing Scholarship Fund;
9. National Guard Tuition Supplement Program;
10. Tuition Exemption for Senior Citizens; and
11. Tuition and fee exemption for the children and surviving spouse of a public safety officer killed in the line of duty. (Current law provides that the limit for eligibility is eight semesters or 12 quarters.)

*Honors Diploma:* The bill provides that the award to a recipient who graduated from high school with an academic honors diploma (made during the recipient's first academic year) is equal to 15% of the Recipient's Higher Education Award Amount or Freedom of Choice Grant amount.

*Grade-Point Average* - The bill makes changes to the grade point average requirements for students who receive a Higher Education Award or participate in the Twenty-First Century Scholars Program.

*Repealers* - The bill repeals provisions relating to:

1. The duties of the Indiana College Placement and Assessment Center; and
2. A requirement that the Commission shall provide a statistical report that describes Twenty-First Century Scholar Awards.

*Degree Map* - The bill adds definition of "degree map". It provides that, not later than November 1, 2013, the Commission shall develop guidelines to provide a state educational institution guidance for establishing degree maps for each full-time student attending the state educational institution. The bill also requires, for a full-time student that enrolls after July 31, 2014, that a state educational institution develop a degree map based on the student's specific educational objective or course of study. It requires a state educational institution to ensure that courses necessary for the student to comply with the student's degree map are available for the student during the academic term in which the student is required to complete the particular course in accordance with the student's degree map.

The bill provides that a state educational institution must provide a course to the student at no cost during the next academic term in which the course is offered if:

1. The state educational institution does not offer a course which the student must take to comply with the student's degree map during the current academic term;
2. The timing of the course conflicts with other courses the student is required to take to comply with the student's degree map for the current academic term; or
3. The course is full.

*Commission on Education:* The bill establishes the Select Commission on Education.

The bill makes conforming amendments.

**Effective Date:** Upon passage; July 1, 2013; September 1, 2013.

**Explanation of State Expenditures:** *Credit Hours:* Defining the term credit hours as credit hours used in a

traditional semester school should have no fiscal impact.

*Academic Term* - The change to the definition of academic term should have no fiscal impact.

*Length of Awards* - The change from 8 semesters or 12 quarters to 4 academic years would help accommodate schools that have other length of school academic years. The 4 academic years would not have to be consecutive, so there is probably no fiscal impact.

*Honors Diploma*: The bill provides that an honors diploma graduate is entitled to a 15% increase in the award for a Higher Education Award or a Freedom of Choice Grant. The additional award would be funded from the appropriation for the awards.

The following is the estimated cost of the Frank O'Bannon Grant Program as estimated by the Commission for Higher Education's Division of Financial Aid. The estimate uses the base awards that match what was offered last year. The Commission would adjust the awards up or down to fully utilize the appropriation.

<b>Post-Secondary Institutions</b>	<b>Base Award</b>	<b>Academic Honors Incentive</b>	<b>Total</b>
Private	\$37,051,808	\$2,317,876	\$39,369,684
Public	\$51,818,479	\$2,951,045	\$54,769,524
Proprietary	\$9,128,966	\$93,898	\$9,222,864
Ivy Tech	\$18,261,768	\$106,813	\$18,368,582
<b>Total</b>	<b>\$116,261,021</b>	<b>\$5,469,632</b>	<b>\$121,730,653</b>

*Frank O'Bannon Grant Eligibility*- The bill would not allow a student to receive a Frank O'Bannon Grant if the individual is eligible to receive a Twenty-First Century Scholarship or a National Guard Grant. The bill would have the cost of the Twenty-First Century Scholarship Program or a National Guard Grant Program to be accurately reflected in the budget process. Currently, the Frank O'Bannon Grant provides funding first and then the Twenty-First Century Scholarship or a National Guard Grant provides additional funding to pay the full cost of tuition and fees. This budgeting method understates the cost of the Twenty-First Century Scholarship Program and the National Guard Grant Program and overstates the cost of the Frank O'Bannon Grant Program. The student would still be eligible for the same benefits, but the costs would be accounted for in the proper program. The provision should have no fiscal impact.

*Schedule of Awards* - The Commission for Higher Education should be able to annually publish a schedule of award amounts for the Frank O'Bannon Grant and the Twenty-First Century Scholars Program based on a recipient's expected contributions within their current resources.

*Award Determination* - The bill provides the Commission with the flexibility to set the scholarship awards at a level that does not overspend the appropriation set by the General Assembly. The changes in the award calculation will take place with FY 2015. Maintaining the award proportionality among recipients attending approved public state educational institutions, recipients attending nonprofit colleges or universities, and recipients attending proprietary institutions, as that award proportionality existed for awards made in the academic year ending in 2013 should have no state fiscal impact.

*Degree Map* - A degree map is to consist of:

1. An academic term-by-term sequence of course options that will allow the full-time student to complete a baccalaureate degree within four academic years or an associate degree within two academic years.
2. The expected date that they will earn their degree.
3. The academic requirements that a student must complete each academic year to timely earn their degree.

The Commission is required to develop the guidelines for establishing the degree maps. The Commission should be able to develop the guidelines with their existing resources.

State education institutions may have some increased cost associated with developing a degree map for each student enrolled at their institution. The impact would depend on how much additional staff and additional computer software might be needed to do the mapping. The degree map program would apply to students who initially enroll in a state educational institution after July 31, 2014.

*Select Commission on Education:* This bill establishes the Select Commission on Education, consisting of the members of the Senate Education and Career Development Committee and the House Education Committee. The Commission is to study and evaluate the feasibility of establishing consequences for school corporations that are in the lowest two performance categories. The Commission is to submit a final report to the Legislative Council by December 1, 2013. Interim study committees operate on budgets established by the Legislative Council based on committee size. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 for committees with 16 members or more.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Commission for Higher Education.

**Local Agencies Affected:**

**Information Sources:** Division of Financial Aid, Commission for Higher Education.

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